



OKLAHOMA INCENTIVES AND TAX CREDIT PROGRAMS



OKLAHOMA
Commerce



Oklahoma has some of the lowest tax rates and best tax incentives in the nation. The state offers companies a low cost of doing business, a low cost of living for employees, and tax rebates that reduce tax burdens even further.

Businesses can choose between an incentive or a tax credit package, and in some cases, qualifying businesses can take advantage of both programs. The Oklahoma Team works with site selectors and companies to develop an individualized plan of action to make the most of the state's numerous incentive programs.

Competitive Cost

Oklahoma is globally recognized for its outstanding incentive programs and pro-business environment.



LOWEST COST OF DOING BUSINESS

CNBC ranked Oklahoma 3rd lowest for cost of doing business in its 2023 America's Top States for Business.



CENTRALLY LOCATED

Our central location in North America with connections by rail, water, air and road makes Oklahoma easily accessible to more than 99 million people within 500 miles.



EDUCATED WORKFORCE

Oklahoma's network of 64 higher education institutions and 29 Career Technology Centers located on 59 campuses develops a prepared workforce for business.



LOWER OPERATIONAL COSTS

Oklahoma's industrial electrical power costs are 20%-30% lower than the national prices. The state is a constitutional Right-to-Work state for lower labor costs and faster economic growth.



A HIGHER QUALITY OF LIFE

Oklahoma's low cost of living means you can have more for less here: a larger home, more vacation dollars, more nights out-on-the-town and a more profitable investment portfolio.

Incentives

The Oklahoma Team will help you identify all state and local incentives applicable to your project. Request your no-cost incentive analysis today.

► Quality Jobs Program

Cash payments of up to 5% of new payrolls for up to 10 years

- \$2.5 million annual payroll within 3 years of start date
- Create new full-time positions
- Pay new Oklahoma employees average wages above the state index wage

► Small Employer Quality Jobs Program

Cash payments of up to 5% of new payrolls for up to 7 years

- Qualifying small employer (500 employees or less)
- Create new full-time positions
- Pay new Oklahoma employees 110% cohort average wage (cohort defined as Oklahoma small businesses under 500 employees)

► 21st Century Quality Jobs

Cash payments of up to 10% of new payrolls for up to 10 years

Create 10 new full-time positions within 3 years

- Pay average wage of at least \$120,071* annually (*\$120,071 in 2023 and indexed by inflation in subsequent years; wage threshold can be lower if 300% of the average county wage)
- Requires 50% out-of-state sales

► Investment/New Jobs Tax Credit Package

Provides growing manufacturers with a tax credit based on either an investment in depreciable property or on the addition of full-time-equivalent employees engaged in manufacturing, processing or aircraft maintenance.

- Choice of tax credit based on investment or new employees
- 5-year state tax credit on the greater of 1% per year of investment in new depreciable property or \$500 per new job
- Credit doubles to 2% or \$1,000 per employee in Enterprise Zones or for investments of \$40 million

► Business Expansion Incentive Program

Annual cash payments

- Helps existing companies expand in Oklahoma
- Targets major capital investments in depreciable items like equipment and buildings
- Qualifying companies may choose between direct cash payments or payments that service private bonds

► Cybersecurity Software Workforce Tax Credit

Employee Benefits

Cybersecurity software employees who have received a degree from an accredited institution can receive a tax credit up to \$2,200 annually, or \$1,800 annually for qualifying employees who are awarded a certificate from a technology center. The credit can be claimed for up to seven years.

➤ Engineer Workforce Tax Credit for Aerospace

Employer Benefits

New engineer graduates

- 50% tax credit for reimbursed tuition costs for first 4 years of employment

Hire Oklahoma graduates

- Up to 10% of wages paid during first 5 years of employment (Maximum of \$12,500 per employee annually)

Hire non-OK graduates

- Up to 5% of wages paid during first 5 years of employment (Maximum of \$12,500 per employee annually)

Employee Benefits

Engineers currently employed in aerospace industry are eligible to receive individual tax credit up to \$5,000 per year for 5 years.

➤ Engineer Workforce Tax Credit for Automotive

Employer Benefits

New engineer graduates

- 50% tax credit for reimbursed tuition costs for first 4 years of employment

Hire Oklahoma graduates

- Up to 10% of wages paid during first 5 years of employment (Maximum of \$12,500 per employee annually)

Hire non-OK graduates

- Up to 5% of wages paid during first 5 years of employment (Maximum of \$12,500 per employee annually)

Employee Benefits

Engineers currently employed in automotive industry are eligible to receive individual tax credit up to \$5,000 per year for 5 years.

➤ Oklahoma Innovation Expansion Program

Monthly cash payment awards in the form of payroll tax rebates

- Supports high-impact new capital investments
- Helps companies grow and offsets cost of capital expenditures incurred through business expansion investments in Oklahoma
- Project facility must be located in Oklahoma and requires a minimum capital expenditure of at least \$50,000
- Project must either be an innovative project, a project that shortens or strengthens the supply chain for the product being manufactured, or it must be a project designed to target new markets
- Project must have a positive net benefit to the state and awards must include private match.

Additional Programs

Credits and programs to boost your bottom line.

▶ Training for Industry Program

A program of Oklahoma's CareerTech System, the Training for Industry Program (TIP) provides low- to no-cost training most industry sectors. Whether the company is new to Oklahoma or an expansion, TIP offers services including: training needs assessment and customized training program; training provided on-site or alternate locations; training delivered through local CareerTech centers throughout Oklahoma; reimbursement of training costs and more.

▶ Five-Year Ad Valorem Exemption

A qualifying company can be exempt for 5 years from ad valorem taxes upon completion of new or expanded facilities. This incentive is available for manufacturing, research and development, warehouse and distribution, and certain computer/data processing services, refineries or aircraft repair companies.

▶ SITES Program

Launched in early 2023, the SITES program proactively addresses statewide site infrastructure and industrial site's needs to meet the demand of existing businesses.

▶ P3 Pooled Finance Program

This Public-Private Partnership (P3) program facilitates local infrastructure development where there is also a benefit to for-profit companies. This can include any critical infrastructure identified by local government as beneficial for the competitiveness of local companies and necessary for future economic growth, competitiveness and employment growth for the local or regional economy.

▶ Federal Opportunity Zones

Created by Congress in the Investing in Opportunity Act, Federal Opportunity Zones allow investors and companies to defer and/or reduce federal capital gains taxes by investing in a qualifying Opportunity Zone/Fund. To increase the benefit to investors, Oklahoma utilizes Priority Enterprise Zones (PEZs) to attract capital to the state's Opportunity Zones.

▶ Foreign Trade Zones

Companies that import products are able to operate more cost-effectively with Foreign Trade Zone (FTZ) designation. Having FTZ status can decrease a company's expenses through the deferral and potential reduction of U.S. Customs duties, reduction of U.S. Customs merchandising processing fees and potential exemptions from applicable state or local inventory taxes. Oklahoma has 4 FTZs.

▶ Foreign Direct Investment

Oklahoma's Foreign Direct Investment (FDI) program provides prospective Oklahoma businesses the tools they need to locate and grow their business in Oklahoma.

- International site location assistance
- Incentive analyses
- Cost of doing business benchmark reports
- Customized site visits
- Market entry strategy assistance
- Visa assistance
- State and local partnerships
- International supplier/partner identification
- Workforce recruitment and hiring
- Regulatory and permitting assistance
- Foreign entrepreneur support

➤ **New Market Tax Credits**

To spur private investment in low-income urban and rural communities, investors receive a 39% federal tax credit.

➤ **Manufacturing Sales Tax Exemptions**

Oklahoma has a comprehensive sales tax exemption for manufacturers who qualify for and obtain a Manufacturer's Sales Tax Exemption Permit (MSEP). The exemptions cover purchases of machinery and equipment, energy and tangible personal property used in design, development and the manufacturing operation at the manufacturing site.

➤ **Grant Opportunities for Locating and Expanding Businesses**

Grants of up to \$1,000,000 are available for infrastructure financing to Oklahoma communities to assist new business locations or expansions. Companies must pay at least 110% of the average county wage for all new jobs. At least 51% of the new jobs must be made available to low- and moderate-income persons.

➤ **Industrial Access Road Assistance**

Designed to provide assistance to local industrial development efforts by funding, within practical limitations, access facilities connecting a specific industry or industrial area directly to the state or local road system.

➤ **Freeport Inventory Benefits**

This benefit exempts from taxation goods, wares and merchandise that come from outside the state and leave the state within nine months if such goods, wares and merchandise are held for assembly, storage, manufacturing, processing or fabricating purposes within the state.

➤ **SIDE Act**

The Strategic Industrial Development Enhancement (SIDE) Act promotes the competitiveness of rural industrial parks by improving connections between railroads and industrial park development.





OKLAHOMA Commerce

Contact us today to get started on your confidential, no-cost
customized sample incentive analysis.

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